

A G E N D A



Recommendation for Council Action

Austin City Council		Item ID	69261	Agenda Number	55.
Meeting Date:	6/8/2017			Department:	Telecommunications and Reg Affairs
Subject					
Conduct a public hearing and consider an ordinance regarding Texas Gas Service's proposal to increase customer rates.					
Amount and Source of Funding					
Fiscal Note					
No fiscal note is required on this item.					
Purchasing Language:					
Prior Council Action:	Council suspended effective date of increase on April 20, 2017. Council set a public hearing on May 11, 2017				
For More Information:	Rondella M. Hawkins, TARA Officer, 512-974-2422				
Council Committee, Boards and Commission Action:					
MBE / WBE:					
Related Items:					

Additional Backup Information

Pursuant to the Gas Utilities Regulatory Act, the City has original jurisdiction over privately owned gas utility rates set for customers within its city limits. On March 3, 2017, Texas Gas Service (TGS), a division of ONE Gas, Inc., filed its Gas Reliability Infrastructure Program (GRIP) in Austin and with the other Central Texas service area (CTSA) cities. This filing was made in compliance with the Texas Utilities Code, Section 104.301 that allows a gas utility to make interim rate adjustments to recover capital investments in gas utility infrastructure made during the interim period between rate cases. This is the first interim rate adjustment filing with cities following the 2016 rate case. The net increase in capital invested in the CTSA from January 1, 2016 through December 31, 2016 is \$33,627,885.

On April 20, 2017, the City Council adopted an ordinance suspending the effective date of the proposed increase as provided by state law to allow staff additional time to properly review the proposed increase.

GRIP allows for an interim adjustment in the utility's monthly customer charge or initial block rate to recover the cost of changes in the investment in service for gas utility services. The adjustment shall be allocated among the gas utility's classes of customers in the same manner as the cost of service was allocated among classes of customers in the utility's latest effective rates for the area in which the tariff or rate schedule is implemented.

Based on company-provided information, the proposed assessment will increase the average monthly bill for typical Residential and Commercial customer bills as follows:

	Current Customer Charge	2017 Interim Rate Adjustment Based on 2016 Investment	Percent Change	Adjusted Customer Charge
Residential	\$15.28	\$1.33	4.10%	\$16.61
Commercial	\$38.00	\$5.79	3.65%	\$43.79

The City of Austin retained a rate consultant to assist staff with evaluating the rate filing and the City has taken the lead to coordinate its review with other cities in the Texas Gas Service CTSA. All GRIP schedules are mathematically accurate and properly compute TGS central Texas GRIP revenue requirement and are allocated among the various customer classes in the same manner as the cost of service was allocated in the methodology approved by the City in the previous central Texas TGS rate filing. The consultant recommends City Council approval of the new tariffs and staff concurs. The City Charter requires Council to hold a public hearing prior to taking any action that affects rates of a franchise holder.